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Balancing work and welfare: activation and flexicurity policies in The Netherlands, 1980–2000

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As a result of the flexibilisation of labour and the trend towards the 'activating welfare state', social policies show an increasing interconnection of work and welfare issues. The Netherlands is no exception. It is generally believed that the Dutch welfare state is successfully activating its unemployed labour potential (often referred to as the 'Dutch Miracle'), and that flexible and part-time work is protected by adequate 'flexicurity'. This article critically reviews Dutch activation and flexicurity policies. It concludes that there is still more unemployment than the miracle-story suggests; that important target groups of activation policies have not profited from 'the miracle'; that part-time workers have sufficient social protection but that social security for flex-workers still needs major improvements, despite favourable adjustments of labour law.

Introduction

In recent years, issues of work and of welfare in modern welfare states have increasingly become interconnected, as a result of at least two trends. On the welfare side, there is a widespread 'activating-welfare-states' trend, associated with populist policy slogans such as 'welfare to work', 'active line' or 'work, work, work' (see Gilbert & Van Voorhis, 2001; Loedemel & Trickey, 2000). Increasingly, the provision of income from work is seen as a first and better means to social protection than providing income from benefits. Benefit dependency should therefore be prevented, but if this is unavoidable, beneficiaries should be stimulated and supported to re-enter the labour market. Perhaps with the exception of Sweden, in which the back-to-work approach has always been central in social protection policy, the activation trend in most countries constitutes a break from a former passive doling-out of money. On the work side, structural changes are taking place in the labour markets of many countries which urge the adoption of new and adapted social protection schemes. It is the flexibilisation of labour particularly that is seen as a central process here (see EU, 2000; Standing, 1999). As a strategy on the part of employers in response to increasing international competition, as well as the abolishment of trade barriers, changes in customer behaviour and technological developments, there is a shift away from 'normal' jobs (permanent, full-time, fixed working hours, relatively long duration) with

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standard social protection attached to them, towards more 'flexible' jobs (fixed term, part-time, varying working hours, short duration), usually with substandard worker protection.

Like other governments, Dutch governments in recent years have actively been concerned with finding new work and welfare balances in both the fields of 'activating welfare' and 'work flexibilisation'. Regarding the first, The Netherlands may be seen as one of the forerunners. When Labour Prime Minister Wim Kok came to power in 1994 and declared 'work, work, work' as the central slogan for his government, he only intensified a general policy aimed at stepping up the (re)integration of unemployed people that had already been started in the 1980s by his predecessor, Christian-Democrat Ruud Lubbers. Ever since the early 1980s, the country had been plagued by high numbers of (long-term) unemployed. In recent years, however, unemployment has steadily decreased and is at present back at the low levels of the prosperous early 1970s; employment has skyrocketed. It is generally believed that Dutch activation and wage-moderation policies have contributed significantly to this much-admired 'Dutch miracle' (a term coined by Visser & Hemerijck, 1997). The flexibilisation of work has also received considerable attention over the last 15 years. It has been recognised by the Dutch government that it may have both negative and positive consequences for citizens. Workers could be forced to accept flex-jobs because of a lack of 'normal' jobs; in terms of social protection, wages, job security and

career prospects, flex-jobs tend to be of significantly lesser quality. On the positive side, however, flex-jobs may enable people to adjust working life, working time and working hours to other (non-work) types of activities, preferences and obligations that fit modern, flexible lifestyles and life cycles. On balance, the Dutch government regards the flexibilisation of work as a positive development, specifically from the viewpoint of its potential for enhancing the employment of the Dutch labour force and for promoting the emancipation and economic self-sufficiency of women. For these purposes, however, the government assumes that work flexibilisation must be regulated to ensure the adequate social protection of workers. Therefore, policies have been guided by the aspiration of combining work flexibility and workers' security, or, to achieve *flexicurity*, as the combination of goals has come to be known.

The aim of this article is to review and critically discuss how Dutch governments have dealt with issues of work and welfare in recent years by looking at their activation and flexicurity policies. Arguments are based on national statistics, on government reports and papers, and on published (government commissioned) evaluative studies of the various measures discussed. To put matters into a proper perspective, we will present briefly some key figures about trends in (un)employment and flexible work. Second, actual developments in activation and flexicurity policies will be reviewed, followed, lastly, by a critical discussion of the successfulness of these policies in reaching the intended goal of (re)integrating unemployed and disabled people, while promoting flexible work and the social protection of flex-workers.

Developments in Dutch (un)employment and flexible work

(Un)employment

As a result of the second oil crisis in 1979, unemployment figures tripled within a few years, from about 200,000 in 1978 to more than 600,000 in 1982. Two years later an all-time high was reached of more than 800,000 people. The unemployment rate was about 10%. From then on the numbers dropped gradually, but a third economic crisis at the beginning of the 1990s resulted in another rise. In recent years, the number of unemployed has decreased significantly again. At present, the rate of registered unemployment is back at its pre-recession level of about 2.5%. In the 1990s particularly, there was a steep rise in job growth that manifests the 'Dutch miracle' (Visser & Hemerijck, 1997). The miracle did not result in the total eradication of unemployment, however, because the labour force grew even more quickly than the number of jobs. This was largely as a result of the massive growth in women's participation on the labour market; while the

Table 1. Flex-workers as a proportion of the employed.

	1970	1980	1990	1993*	1995*	1997*	1999**
Flex-work %	4	4.5	6.5	7.5	8.9	10.0	9.4

Sources: De Beer (2001); * Remery et al. (1999); ** SCP (2000a).

male labour force increased by only 20% between 1970 and 1999, the female labour force increased by 139%. At present, there are major shortages on the Dutch labour market. The number of unfulfilled vacancies is now about 2% of total employment.

There is definitely a trend towards flexibilisation, since two-thirds of the increase in jobs in the 1990s came from part-time work (50%) and flex-work (17%). On the whole, however, this change has had only a relatively small effect on the total distribution of types of jobs: the proportion of full-time jobs only decreased from 69% to 64% (SCP, 2000a: 281).¹ Therefore, the trend towards flexibilisation of Dutch employment should not be over-estimated. It is not exceptional compared with other countries. On the contrary, as Walker, Goodwin and Cornwell (2000: 29) conclude from their international analysis of trends in the flexibilisation of work: 'While belief in the growing flexibility of firms is strong among managers and policy gurus, to date – with the exception of part-time employment – any changes that have occurred have yet to have a major impact on aggregate statistics.'

Table 1 presents a longer term perspective on the development of flex-work. It shows a trend toward a stable increase, which accelerated in the 1990s. Recently, however, the trend has taken a downturn.

This downturn is most probably the result of the recent markedly increased shortages on the labour market, which gives workers a stronger position in asserting their preference for more secure jobs (see also Fouarge, Kerkhofs, de Voogd, Vosse & de Wolf, 1998). It is a fact that the decrease in flex-work is taking place mainly among the more highly educated workers, who have a stronger labour-market position, whereas the degree of flex-work has increased among people with

¹ Labour flexibility can take on various forms at different levels of organisation (see Standing, 1999), but Dutch national figures available on the subject are limited to a distinction between full-time permanent jobs, part-time permanent jobs, and non-permanent or 'flex'-jobs. The last ones basically comprise all forms of work that have no permanent labour contract, no contractual definition of working time and/or the number of working hours, or have varying working time and hours (Fouarge et al., 1998; SCP, 2000a). The most common types of Dutch flex-work consist of stand-by work (about a third), agency work (about a third), and temporary work (about a quarter). The rest is divided over much less frequent activities such as home-work and temporary stand-by work (Klein Hesselink, Evers & Wevers, 1998; SZW, 1997a).

Table 2. Job type by personal characteristics (% of employees).

	Sex		Age		Educational level			High	Total
	Male	Female	16–24	25–49	50–64	Low	Middle		
Temporary contract	9	19	40	12	6	18	14	12	14
Flexible work (temp, stand-by)	5	12	13	8	5	8	8	7	8

Source: Fouarge et al. (1998: 69).

the lowest educational level (Fouarge & Kerkhofs, 2000). The labour-market shortage also seems to press employers to direct their strategies more towards functional rather than numerical flexibility; in the last few years, there has been an increase in job rotation, multi-employment and task replacement of core workers (Fouarge & Kerkhofs, 2000). Clearly, Dutch flex-jobs are (very) unevenly distributed among types of economic sectors and characteristics of workers. Flex-work occurs mostly in the trade, hotel and catering sectors, where the production of services is usually not restricted to 9-to-5 office hours, and it is relatively low in industry, government and education (Dunnewijk & Lammertsma, 1999). As for workers' characteristics, Table 2 shows that flex-work is more common among women, young people and people with a lower educational level.

Among ethnic minorities, flex-work is on average about twice as high as among Dutch workers (Veenman & Dagevos, 1999). Generally, then, flex-work tends to be a specific characteristic of those workers who traditionally have an unfavourable labour-market position, which connects flex-work closely with marginal labour. In comparison with Europe generally, the Dutch degree of flex-work is about average (Smulders & Klein Hesselink, 1997; Walker, Goodwin & Cornwell, 2000).

It is well known that a relatively large degree of part-time work is a typical feature of the Dutch labour market. Since the early 1980s it has increased over the years, but now seems to have stabilised. Clearly, there is a sharp division between male and female workers. Table 3 shows that, at present, about 17% of the male workers work part-time, compared with about 65% of the female workers.

Table 3. Part-time work* in The Netherlands (% of employment in category).

	1986	1990	1995	1998	1999	1999
Men	13	15	17	18	17	
Women	55	59	68	68	67	
Total						37

Sources: SZW, 2000 (1986–1998: data from *Labour Force Survey*, Eurostat); SCP, 2000b.

* Less than 35 hours a week, permanent or temporary.

In total, just over a third of the Dutch workers have a part-time job. This is the highest rate in Europe (OECD, 2000). The majority of the men who work part-time either have a very small part-time job of between 1 and 12 hours a week or a substantial part-time job of between 20 and 34 hours a week. The former group consists mainly of students, and the latter of male workers with a high educational level. The pattern for men has not changed over the last decade. Among women, just over half of those who work part-time have a longer part-time job of between 20 and 34 hours a week. Among the remaining women, medium-sized and small part-time jobs are almost evenly distributed (SZW, 2000b). Obviously, part-time work has a different meaning and function for men than for women. For Dutch men it is usually an occasional, temporary phenomenon, occurring at the beginning or end of their work careers (see also Goul Andersen & Bendix Jensen, 2002). For Dutch women part-time work is a structural and central means of taking part in the labour market, thereby acquiring income and status independent of their partners, and combining this with care tasks at home.

In addition to gender, part-time work is related to educational level and economic sector. Among female workers, weekly working hours increase with educational level. In 1999, about a fifth of the women with the lowest educational level worked full-time; the corresponding figure for women with a medium level of education was a third, and for the most highly educated about a quarter worked full-time. Moreover, about a third of the less-educated women worked less than 12 hours a week, whereas only 4% of the highest educated did so. Among male workers the differences are much less pronounced, but there is a tendency that the small part-time job prevails more among the less educated, while the large part-time job is more popular among men with the highest educational level. All this has changed little over the last ten years (SZW, 2000b). The degree of part-time work is greatest in the health-care sector, where more than half of all employees work part-time; it is also high in the hotel and catering business (40%) and in education (38%). These sectors are characterised by a traditionally high proportion of female workers and/or the necessity of flexibility in working time. The degree of part-time work is particularly low in the traditionally

male-dominated building and contracting sector, industry and the transport sector (Plantenga, 1997).

Having sketched the labour-market context, it is now time to turn to a brief review of Dutch activation and flexicurity policies.

Activation policies

Dutch activation policies have been targeted at the (re-)insertion of unemployed people and disabled unemployed people and were a response to the high levels of unemployment that persisted from the end of the 1970s well into the 1990s. As such, these policies manifest a 'welfare to work' strategy, which has been typical for other European countries too.

Activation measures for the unemployed

Since the second half of the 1980s, there has been an 'explosion' of activation measures (see van Oorschot, 1999 for a detailed review of such measures). Prior to this period, the main scheme was the so-called *Loonsuppletie*, which offered a temporary wage supplement for all categories of unemployed people willing to accept a job with a wage below their previous wage level. The newly added measures were specifically aimed at the young and the (very) long-term unemployed, who by then made up a large segment of the unemployed. However, three groups with notoriously bad labour-market chances – the older unemployed, women and ethnic minorities – have not been explicit target groups for activation measures. There are specific schooling and training programmes for these groups, and within the package of measures for long-term unemployed they are sometimes seen as groups that deserve extra attention; however, apparently the government is reluctant to design any explicit measures for them. No public statement of the reasons for this can be found, but it may be because of a fear of (further) stigmatising unemployed women and ethnic minorities in the eyes of employers. It might also be related to government sensitivity to public opinion, which is not in favour of positive discrimination for ethnic minorities and women (van Oorschot, 1998). The situation of the older unemployed is different. One of the first reactions to the economic and budgetary crisis of the early 1980s was to exempt unemployed persons 57.5 years of age or older from the obligation to seek work, as a means of creating more opportunities for younger cohorts. It was only very recently, in 1999, when unemployment had dropped substantially, that this exemption was abolished. In other words, the older unemployed have most emphatically not been among the priorities for activation.

Only few activation measures are aimed solely at the unemployed themselves. Wage supplements for accepting

a job with a lower wage level, reorientation interviews aimed at designing individual reorientation plans (*heroriënteringsgesprekken*) and 'social activation' (unpaid, so-called *Melkert III* jobs) are the only measures that do not require the immediate cooperation of employers. All other schemes do, in the sense that they try to encourage employers to employ long-term unemployed mainly by granting temporary or permanent wage subsidies and reducing taxes and social-security contributions. Apparently, the perceptions and attitudes of employers and their related selection behaviour are seen as more of a concern than the motivations and qualifications of the unemployed. Studies have indeed shown that by far the majority of all unemployed individuals are very eager to find a job (e.g. Hoff & Jehoel-Gijsbers, 1998; Kroft, Engbersen, Schuyt & van Waarden, 1989), and that employers are prejudiced against (long-term) unemployed (van Beek, 1994; Zwinkels & Besseling, 1997).

There is a mix of measures aimed at employment in subsidised and in regular jobs. Both types of jobs can be realised in either profit or non-profit organisations. Paid additional jobs are created mainly for the very long-term unemployed (*Banenpool*, *I/D* jobs), when such jobs are the only way of avoiding the strong barriers against this group, such as their stigmatisation among employers, their older-than-average age, their lower-than-average level of skills, and their higher proportion of ethnic minorities. In the case of the young unemployed, additional jobs under the Youth Work Guarantee scheme have replaced the right to social assistance benefits.

Schemes vary in the number of people participating in them. Generally, the participation rate, calculated as the percentage of participants relative to the total target group, is very small. In 1988, for instance, about 7,000 young unemployed participated in the forerunner of the Youth Work Guarantee scheme, while nationally about 45,000 met the criteria. The *Vermeend-Moor* Act, which offers payroll tax reduction, covered 170,000 people in 1987, but only 6,000 participated (SCP, 1992). Even the 'larger' schemes, such as *Banenpool* (23,000 participants) and *Melkert I* (40,000) and *Melkert II* (20,000), cover only small parts of their target groups of several hundred thousand long-term unemployed.

Lastly, most of the various measures have recently been integrated into two framework laws. The first, the Integration of Job Seekers Act (*Wet Inschakeling Werkzoekenden*, WIW), administered by municipal social services, is aimed at the participation of long-term unemployed in additional jobs. It incorporates both the Youth Work Guarantee scheme and *Banenpool*. The second, the Reduced Contributions Act (*Wet Verminderende Afdracht*, WVA), integrates schemes aimed at other types of unemployed or employed people, mostly schemes offering reductions and subsidies to employers. The government's reasons for integrating

these measures vary: there was an overlap between some of the measures and, at some points, even competition between them; clients and administrations had difficulty distinguishing between the various conditions and target groups; and there was lack of overall coordination.

Work-related benefit criteria

Alongside direct activation measures, since the mid-1980s work-related benefit criteria and conditions have been introduced and tightened in many European countries, but especially in The Netherlands (see Clasen, Kvist & van Oorschot, 2001 for details). Initially, they mainly served the purpose of cutting back on social expenditures, but later they were explicitly motivated by the Dutch government on the basis of their activating effects. Work-related benefit criteria and conditions made unemployment less attractive for workers and resulted in greater pressure on the unemployed to find work.

With regard to unemployment insurance, two moves were made. The 1996 Law on Penalties and Measures (*Wet Boeten en Maatregelen*) intensified the sanctioning policies of social security administrations in order to more vigorously activate the unwilling unemployed. Previously, issuing penalties for non-compliance with job-search obligations was regarded as being within the competence of the administrative bodies, some of which acted quite leniently; with the new law, however, sanctioning became an obligation and penalties were nationally prescribed according to type of misbehaviour; administrations were policed on their implementation. Second, during the 1980s and 1990s, the work-relatedness of eligibility and entitlement criteria increased significantly, mainly through becoming more closely linked to a person's work record. As a result, only about 45% of people currently working would have long enough work records to be entitled to the standard wage-related benefits upon unemployment. Other groups are either entitled to short-term benefits of 70% of the minimum wage or have to rely on means-tested social assistance. On average, the unemployed today have lower benefits for shorter periods. As a result, keeping or finding paid work has become more crucial and compelling to workers.

As it is the safety net of the Dutch social security system, the means-tested social assistance scheme has no work-related requirements regarding benefit eligibility. Benefit level and duration are also independent of work-record criteria, but in practice they can vary according to whether or not clients comply with work-related obligations. Non-compliance may result in penalties (of 5–20% of the amount of benefit) or a withdrawal of the full benefit (for a maximum of one month). Work-related obligations have not changed in recent decades, but as in the case of unemployment insurance, the

previously mentioned Law on Penalties and Measures (applied to assistance since 1997) has resulted in a more rigid and systematic implementation. Relevant changes are that entitlement to benefits for persons under 21 was replaced by a job entitlement through the Youth Work Guarantee scheme (JWG); single parents with children became subjected to work obligations once the children were over five years of age (previously 12 years of age); the standard of 'suitable work' has been broadened, implying that beneficiaries are expected to accept work well below their educational and former job level; and for each client with a reasonable chance on the labour market, the municipal social service, which administers social assistance, is expected to design and implement an individual re-insertion plan.

Re-insertion of (partially) disabled workers

Traditionally, the (re-)insertion of incapacitated workers was given little attention in Dutch social policy. There were (and still are) sheltered workplaces for a limited number of disabled people, and the disability benefit scheme previously offered some possibilities for adjusting workplaces to disabilities, but structural and effective measures were not taken. All this changed, however, when the number of disability claimants grew to and remained at very high levels, even after the economic recovery of the late 1980s. Various measures were taken to stimulate labour market participation of (partially) disabled workers (see van Oorschot & Boos, 2001 for details).

Most significant have been, first, the introduction of partial benefits for partially disabled workers in 1987, who previously were given full benefits on grounds of their low employment chances. This means that before the revision, partially disabled workers had a full benefit as if they were 100% disabled for work. The revision meant that they now received a disability benefit proportional to their partial disability and for the remainder they could claim unemployment benefit dependent on unemployment insurance or assistance, thereby making them subject to the work test. Second, in the early 1990s the reference standard for assessing the degree of disability was broadened from work 'suiting' one's educational and former job level to 'generally accepted work', a standard not connected to these criteria. As a result, more jobs were now regarded as being available for the disabled. At the same time, every disability claimant below 50 years of age was reassessed according to the new standard, resulting in a (partial) withdrawal of benefit in 28% of all reassessed cases. The people concerned were declared to be partially or fully unemployed and had to rely on work-tested unemployment insurance or assistance. Third, new financial incentive measures to promote the labour participation of disabled people were taken, such as an

extension of the wage subsidy for employers, a wage supplement for disabled workers and the possibility of working in a 'try out' job without loss of benefit rights. In 1998, an attempt was made to influence employers to feel an individual responsibility to prevent disability as well as to (re-)deploy disabled workers. This was done by differentiating previously uniform payroll taxes according to the number of disability claims that are generated in individual firms and sectors of industry.

With regard to short-term disability benefits, or sick pay, the measures taken have been far more drastic. In a series of steps, the sickness insurance scheme has been (almost) fully privatised. The public scheme still exists in that it still covers the sickness risk of specified categories (estimated at 15% of the previously covered population), and includes pregnant women, (partially) disabled workers, people on temporary contracts and apprentices. For the majority of Dutch workers, however, it has been replaced by the employer's duty to continue to pay wages during sick leave. Employers now either pay wages for sick employees directly, or, as most of them have done, reinsure the risk with private insurance companies. Reducing sickness absenteeism is now in the employer's interest.

Dutch flexicurity policies

Dutch flexicurity policies have been taken in the three policy fields of part-time work, social security and labour law. Their explicit goal has been to stimulate the trend towards the flexibilisation of work and at the same time to improve the social protection of flex-workers.

Part-time work

Since the end of the 1970s, the basic policy line has been to introduce equal treatment of part-time and full-time workers in social security, labour law and collective labour agreements. Around 1980, the government paid subsidies to employers and employees for innovating cases of part-time work. Dutch social partners have shown a favourable attitude towards part-time work. In the 1982 Agreement of Wassenaar between the government and social partners, not only was a policy of wage moderation agreed upon, but in addition social partners promised to stimulate the redistribution of work, among other things by means of part-time work (plus a reduction in working time). In the mid-1980s, the government subsidised employers' initiatives for introducing both part-time work and working-time reductions in their firms on a larger scale. In the same period, working hours and wage-level thresholds were removed from social insurances. In 1993 all part-time workers gained a right to the (proportional) legal minimum wage and holiday pay, and from 1994 onwards, occupational pension funds

can no longer exclude part-time workers. Funds that apply wage limits must convert part-time wages to a full-time level. A part-time worker acquires pension rights in proportion to the number of hours worked. The Dutch public pension system is universal and pays a pension at the minimum wage for everyone over 65 years of age. In 1996 the equal treatment of part-time and full-time workers was codified in the Civil Code and in labour law, implying that from then on part-time workers would have equal rights in collective labour agreements regarding, for example, wage-level agreements, wage supplements, reimbursement of expenses, bonuses, occupational social security schemes and training facilities. (This exceeds the ILO Convention Concerning Part-time Work [no. 175] and the EU Council Directive on Part-time Work: Wilthagen & Rogowski, 2001.) Most recently, in 2000, the Law on the Adjustment of Working Hours (*Wet Aanpassing Arbeidstijd*, WAA) came into force. It offers workers in organisations employing at least ten workers the right to adjust their contractual working hours upwards or downwards. Employers can deny such an adjustment only if 'major organisational interests are negatively affected'.

Flex-work and social security

Contrary to the case of part-time workers, the social protection of flex-workers is more of a problem in The Netherlands, especially regarding the risks of unemployment and sickness, because work-record requirements and the existence of a labour contract are central elements in assessing benefit entitlement, level and duration.

The Dutch civil code legislation contains detailed rules for which types of labour relations can be regarded as legal contracts. In practice, these rules prove to be difficult to apply with regard to home workers, freelancers and on-call workers (but not for agency workers) (Vriend & Korpel, 1990). Specific problems in these cases are that it can be difficult to assess whether there exists or has existed a 'relation of authority' between employer and employee, and whether employees earn(ed) at least 40% of the minimum wage on a monthly basis, which are two necessary features of legal labour contracts. Additionally, in the case of unemployment insurance, there are major problems with gathering the necessary data on flex-workers' work records, and thus with assessing entitlements. Data problems also exist with respect to assessing for how many hours a week someone became unemployed (minimum of five) and with assessing the average wage lost in order to calculate the proper benefit level (especially if people had piecework wages). These types of difficulties multiply in cases where people combine benefits and work over a certain period, if they change regularly from type of labour

contract, if they combine two or more jobs at the same time and the like. When Vriend and Korpel (1990) submitted a number of fictitious cases of flex-workers' claims to a sample of administrators of unemployment and sickness benefit for independent decision, the decisions differed widely. The decisions were only unanimous in 13% of the unemployment benefit cases and 12% of the sickness benefit cases. Baenen and Bosch (1997) point to two other important aspects of the relationship between flexible work and social protection. They found serious indications that some 10% of the (partly) unemployed and ill flex-workers failed to exercise their unemployment and sick-pay rights because of employers' and employees' lack of knowledge, complex and ambiguous system of rules, administrative complexity and outright mistakes. And employers tend to shift their labour and protection risks to flex-workers. A clear example of this is that flex-work is used as a means of reducing the sick-pay risk for employers, who increasingly hired agency and other temporary workers after the privatisation of sickness benefit (these flex-workers receive benefits from the national sickness-benefit fund instead of sick pay from their employer). Flex-work can also be used as a means of avoiding rigid legal lay-off rules and of extending the duration of 'on probation' work in case of new employees. A study comprising more than a thousand flex-workers (Klein Hesselink, Evers & Wevers, 1998) assessed whether those who had been sick in the year prior to the interviews had received the benefits to which they were entitled. The study showed that 67% had received either sick pay from the employer or sickness benefit ZW, while the remaining third had not received any financial compensation. Four per cent had applied for sickness benefits but had been turned down, 26% had not applied on grounds of the (incorrect) idea they were not entitled, and 2% could not remember. Take-up of rights was highest among flex-workers on temporary contracts and lowest among stand-by workers. Regarding unemployment protection, the study showed that only 80% of all flex-workers qualified for unemployment benefit. As with sickness benefits, the study showed clear indications of non-take-up of unemployment benefits: of those who were wholly unemployed at the time of the interview only 25% had insurance benefits, some 30% were not entitled on grounds of work-record rules, an estimated 12% received social assistance and about 33% could be regarded as non-users. The conclusion is that there are serious flaws in the sickness and unemployment protection of flex-workers: among about a third, there is either no coverage or non-take-up of rights.

Although the government in 1997, in its paper 'Working on Security', acknowledged that the flexibilisation of work engenders new forms of labour contracts and working styles, and that sickness and unemployment

schemes should be modernised to meet the needs of flex-workers, no concrete measures in social security have actually been taken to improve the situation. 'Flexicurity' is not a concept that has been given much attention in the field of social security protection lately. As a matter of fact, very little has changed with respect to the content of the social security system during the last five years. Instead, the administration of social security and activation policies have been high on the agenda (van Oorschot, Engelfriet & Rademaker, 2001; Clasen, Kvist & van Oorschot, 2001).

Flex-work and labour law

While the government has been slow to take measures to improve social security legislation for flex-workers, it has been rather energetic in changing labour law for the purpose of improving work security for flex-workers and increasing flexibility for both employers and employees. In 1998 the Law on the Allocation of Workers by Intermediaries (WAADI) was introduced, which abolished rigid rules for temp work agencies, followed in 1999 by the Flexibility and Security Act (*Flex-Wet*), which regulates flex contracts, dismissal procedures, probationary periods and the like.

Before WAADI, the Manpower Services Act (*Arbeidsvoorzieningswet*) stipulated that a licence was needed for labour mediation as well as for providing third parties with labour, such as temp agencies do. The licence was subject to a number of limiting conditions: temp agencies were not allowed to provide labour to companies involved in an ongoing labour dispute (e.g. where a strike was going on); they were not allowed to provide companies with labour from another agency; and labour provision was possible only for temporary work. Furthermore, the temp agency had to keep detailed records of its operations and services; it had to guarantee temp workers labour remuneration equal to that of the permanent workers at the work place; and temp workers could not work for one and the same employer for more than half a year. Lastly, the agency was not allowed to place a temp worker with the same employer more than once in a period of 30 days. With WAADI, the labour-provision licence has been abolished (the mediation licence will follow) and, with it, most of the limitations mentioned. Only two conditions remained: the ban on providing labour to companies with a labour dispute and the equal remuneration demand. By means of a collective agreement, social partners in the temp-agency business can deviate from the latter condition.

In the Explanatory Memorandum of *Flex-Wet*, the government states that factors both on the supply-side and demand-side of labour have led to a growing diversity in labour hours, locations, contracts and the like. There is increasing international competition, shorter production cycles, rapid technological developments, but also a

change in the character and behaviour of the labour force and related preferences for part-time work and flex-work. New regulations are needed to find a new balance between flexibility and security. Therefore, *Flex-Wet* combines measures that increase labour flexibility, as well as measures that improve the security of flex-workers (see Appendix 1).

It is explicitly noted that *Flex-Wet* is not concerned with social-security legislation as such. As for social-security protection of flex-workers, the idea is that *Flex-Wet* defines important new rules about the legal status of various flexible work contracts, which in itself helps to clarify what types of flex-work are covered by social insurance. Flexibility measures of *Flex-Wet* concern changes in rules for probationary periods, fixed-term contracts and the termination of labour contracts. Security measures concern rules on labour contracts, minimum salaries and temp-agency labour contracts.

A critical evaluation

Activation policies

The 'Dutch miracle' of strong job growth and steadily decreasing unemployment figures in recent years gets admiring attention from academics and policy makers alike, and it is generally believed that activation policies have played an important role. The question is, however, whether this is justified. In other words, to what degree is there a real employment miracle, and what have activation policies contributed to the (re)integration of those groups with weak labour-market chances towards which the policies are principally directed?

First, with unemployment being very low in The Netherlands, at about 2.5%, it looks as if a situation of full employment might be close at hand. However, the 2.5% figure refers to registered unemployment, that is, people without a job who have registered at the Labour Office, who are willing to work at least 12 hours a week, and who are immediately available for work. This is a very strict definition of unemployment, compared with both the standardised ILO unemployment definition (which counts all individuals seeking any hours of work) and the number of registered job seekers as such. In

1998 there were some 300,000 registered unemployed people in The Netherlands, some 425,000 people who were unemployed according to the ILO standard, and some 700,000 registered job seekers (SWZ, 2000a: 28). Clearly, there is more real unemployment within the 'Dutch miracle' than the official figures suggest.

Second, a recently published report in which various types of Dutch and foreign activation measures were compared concluded that (easy to administer, fiscal) measures aimed at reducing wage costs for employers are most successful in terms of redeploying the unemployed on the regular market of paid labour (NEI, 1999). With regard to measures that create additional labour, however, the conclusion is that they mostly result in very few participants flowing into regular jobs. Once in an additional job, there seems to be a lack of possibilities and motivation to move on, since the flow from subsidised to regular jobs is smaller when the subsidy period lasts longer and when the subsidised jobs are in the public sector. The NEI report, which is as critical of the effectiveness of most activation measures as two comparative OECD studies (Martin, 2000; OECD, 1996), shows, lastly, that redeployment of the elderly and less-educated is least successful, despite measures focusing explicitly on these groups. Another review of activation evaluation studies concludes that it is standard practice for administrations who want to show impressive success rates to 'cream' their clientele, that is, to concentrate their efforts on those with the best labour-market chances, many whom would have found a job without the assistance of a specific measure. In many cases of additional labour, furthermore, the jobs that are created substitute in effect other people's regular jobs (SCP, 1992).

Third, if the total of Dutch activation measures had had a significant effect, one would have expected the 'outflow probability' of unemployed people to have increased rather dramatically a few years after the mid-1980s, when the number of measures increased to a significant degree. Table 4 illustrates that this was hardly the case. In the early 1990s, the outflow chance of unemployed people even decreased, probably due to the second recession of the early 1990s, and at present the chances are at the same level as in the early 1990s. It is not without reason that the first administration of

Table 4. Outflow probability* of Dutch unemployed people and disability claimants.

	1992	1993	1994	1995	1996	1997	1998	1999
Unemployment insurance	35.8	32.6	31.9	35.2	33.7	36.1	36.5	35.4
Unemployment assistance						16.0	15.2	
Disability insurance	4.4	4.4	5.8	6.1	3.7	3.2	3.5	

* Terminated benefits due to resumption of work, as a proportion of the number of benefits at the end of year $y-1$ and the number of new benefits in year y .

Source: SCP, 2000a: 341.

Prime Minister Wim Kok declared in 1994 that 'work, work, work' would be its motto, since it started from the assumption that existing measures were not proving effective enough.

Fourth, despite the measures that were taken, there is still a large proportion of long-term unemployment. With the favourable developments in the labour market, the contours of a relatively large group of people who are considered very difficult to integrate, if at all, become visible. According to the Social and Cultural Planning Office, this accounts for as many as two-thirds ($n = 1,100,000$) of all people receiving unemployment insurance, unemployment assistance or disability benefits ($n = 1,600,000$) on the basis of legal criteria (SCP, 2000a). These criteria excuse people from the legal work obligation on such grounds as age, medical and social circumstances and care burdens. However, many of the reintegration measures are intended to promote the labour-market participation of precisely this group. When unemployed and disabled people were asked how they looked upon their labour-market chances, four-fifths were very negative. That is, only one-fifth had the idea that there were jobs available and that they would soon find one (Research voor Beleid, 1998). Furthermore, according to administrative criteria, the number of 'reintegratable' unemployed is very low. When unemployed people register at the Labour Office, their 'distance to the labour market' is assessed in terms of 'phases', on such grounds as their personal qualifications, the labour-market situation in their profession and so forth. Phase 1, 2 and 3 clients are regarded as 'reintegratable', phase 4 clients are not. Significantly, amongst disability-benefit claimants and social assistance clients, 45% were assessed as belonging to phase 4 (Research voor Beleid, 1998). On the basis of these figures the SCP study concludes that there is a 'stagnation of reintegration' in the wider context of job growth and decreasing overall unemployment, and it is therefore critical of the effectiveness of reintegration measures. It considers the process of reintegration to be 'very laborious' (SCP, 2000a: 288). The study mentions several factors that can explain this stagnation for the long-term unemployed, social assistance clients and the disabled. One is that employers prefer younger, healthy, Dutch-born people who are not stigmatised by a (long) period of benefit dependency (also van Beek, 1994; Zwinkels & Besseling, 1997); another is that the rapid increase in female labour participation has prevented long-term unemployed individuals from filling the many jobs that have become vacant in recent years. The fact that most of the new jobs are part-time plays a role here too: part-time wages are mostly too low for beneficiaries to overcome the poverty trap, whereas they are attractive as a second household income for women.

Fifth, although (the opportunity for) labour participation is an important indicator for evaluating activation

policies, other indicators can be found in people's social contacts, feelings of social isolation, political involvement, perceived health status, social activities and so forth. A study of these issues among Dutch unemployed, people receiving disability benefits and people with a regular job showed for 1995 that the three groups did not differ in such actual behaviour as frequency of personal contacts with people in their direct social environment, practice of hobbies, membership in social clubs and participation in volunteer work (SCP, 1998b). They did differ, however, in their feelings of isolation, state of health and general dissatisfaction with their situation. Disability claimants and unemployed people were worse off in these respects than working people. The study's comparison with the situation in 1982 showed that unemployed people and disabled workers complained more about their friends' negative attitude towards them, about feelings of social isolation and about feelings of uselessness in 1995 than they did in 1982. The study suggests that this change is directly linked to the 'activation trend' in social policies. Being on benefits has become less legitimate, not only in the eyes of the wider public, but also in the eyes of the unemployed and disabled workers themselves.

In the case of (partially) disabled workers, the conclusion that measures are ineffective and even counter-productive can be drawn without much reserve. The privatisation of sickness benefits and premium differentiation in the disability-insurance scheme have created a notable tension between the intended activation impact of these measures and their actual effects, as the incentives for employers are set in such a way that they profit from having a workforce with a minimal disability and sickness risk. A number of evaluation studies (CTSV, 1996; Schellekens, 1999; Schoenmakers & Merens, 2000; van der Giezen & Jehoel-Gijsbers, 1999) have shown that chronically ill people and (partially) disabled people are currently encountering even greater difficulties (re-)entering jobs. This is so for a number of reasons: employers now screen new employees more closely with regard to health status; the likelihood of being fired has increased for workers with a worse health status; the number of temporary labour contracts, as a means of prolonging the period of screening employees on their 'sickness leave behaviour', nearly doubled between 1993 and 1995, from 11% to 20% of all labour contracts; hiring workers via employment agencies, in order to reduce the risk of sick pay, rose from 4% to 9% in the same period; and, lastly, while 20% of disabled people's job applications led to an interview in 1991, this figure dropped to 11% in 1998.

On the grounds of these findings, one expects the 'outflow probability' of disabled people to have declined in the second half of the 1990s, after the introduction of privatisation and premium differentiation. This is precisely what Table 4 above shows.

Flexicurity measures

Let us now turn to a critical evaluation of flexicurity measures and see what their effects have been for the groups toward which they were directed.

First, it can be noted that the position of Dutch part-time workers, who make up about a third of all workers, is not marginal. On the basis of the principle of equal treatment, Dutch governments have systematically abolished the differential treatment of part-time and full-time workers regarding wages, labour contracts, working conditions, taxes and social protection entitlements. Typically (possibly as a result), compared with workers in other European countries, Dutch part-time workers, male and female, show a high degree of contentment with the contracts they have. Of course, in The Netherlands part-time work also has its critics (see Koopmans & Stavenuiter, 1999; Plantenga, 1997) who point at the lower quality of part-time jobs (fewer career opportunities, more-irregular working hours, duller and dirtier work, low pay and low status). It has been suggested that part-time work functions as a new divide between labour-market insiders (full-time working men with high-quality jobs) and outsiders (part-time working women with low-quality jobs). For certain types of part-time work, this may be true, especially regarding flex-jobs performed by less-skilled and educated people, but on average Dutch part-time work cannot be regarded as 'atypical' or marginalised work.

Second, the situation with regard to flex-workers is clearly different. At present, they make up about 10% of all workers, and significantly, most of them would want to have normal jobs. As a group, flex-workers are paid comparatively less than people with normal labour contracts, their unemployment risk is higher and the group consists of people with traditionally unfavourable labour-market positions, such as women, ethnic minorities and less-educated people. In The Netherlands, marginal workers are found mostly among those with flex-jobs. The Dutch government has regularly expressed its concern about the position of flex-workers, and it regards stimulating both flexibility of labour and social protection of flex-workers as important policy goals. So far, the first aspect of these 'flexicurity' goals has been implemented in practice more strongly than the second. Remarkably, the Dutch government has so far been very reserved in taking practical measures to improve the social security protection of flex-workers who become ill or unemployed, while several studies have shown that there are major problems of non-coverage, (partial) non-take-up and false rejection of claims.

Third, instead of improving the social rights of flex-workers, the government has tried to realise part of its flexicurity goals by adjusting labour law, mainly by means of the 1999 *Flex-Wet*. Flexibility measures under this act shortened probationary periods and facilitated

dismissal procedures. The act opened opportunities for flex-workers to gain normal (permanent) labour contracts. Studies show that the situation of stand-by workers and workers with a fixed-term contract has improved (De Klaver, Klein Hesselink, Miedema & Schlangen 2000; Grijpstra, Klein Hesselink, de Klaver & Miedema, 1999). In 1999, after the introduction of the *Flex-Wet*, nearly 27,000 stand-by contracts were replaced by temporary work contracts, nearly 18,000 were changed into fixed-term contracts, and 48,000 were extended or made more permanent (positive effects), whereas only about 25,000 stand-by contracts were terminated (negative effect). As for fixed-term contracts, in 145,000 cases contracts were perpetuated, 72,000 turned into permanent contracts (positive), while 46,000 were terminated and 30,000 were temporarily terminated (negative). However, the studies express serious doubts as to whether the effects are attributable only to the introduction of the *Flex-Wet*. They suggest that the strong economic upturn of the Dutch economy and the related shortages on the labour market have strongly improved the bargaining position of employees. This situation could also be the reason why the new regulations have not yet led to serious disputes.

Furthermore, it was expected that the *Flex-Wet* would improve the position of stand-by workers because of its rules regarding the presumption of a labour contract and the minimum salary per call. In practice, it still remains to be seen whether any real improvement has occurred. The studies show that employers regard the rules as barriers to hiring flex personnel rather than as a stimulus, and that they dislike the financial consequences. Furthermore, it is clear that employees are not inclined to pursue their rights in all cases in order to avoid conflicts with their employers. If the economic situation changes for the worse, the studies expect more controversy regarding stand-by contracts. More dispute is also expected in the case of fixed-term work than there has actually been in the first year of the *Flex-Wet*. At present, employers are willing to apply all the 'security' rules of the *Flex-Wet* since they need all the hands they can hire, but this will change if the economy takes a turn for the worse.

Conclusion

As a result of the flexibilisation of labour and the trend towards the 'activating welfare state', social policies show an increasing interconnection of work and welfare issues. The Netherlands is no exception. It is generally believed that the Dutch welfare state is successfully activating its unemployed labour potential (often referred to as 'the Dutch Miracle'), and that flexible and part-time work is protected by adequate 'flexicurity'. Here we have critically reviewed Dutch activation and flexicurity policies.

As for activation, it is questionable whether the Dutch activation policies of the 1980s and 1990s can be regarded as a great success. Although many thousands of people found (additional) work through activation measures, the aggregate effect of such measures on the labour-market participation of unemployed people does not appear to be very great. In the second half of the 1990s, the decrease in the number of beneficiaries was much lower than the explosive growth in the number of jobs; the outflow chances of unemployed people have not improved and those of disabled people have even worsened. The reintegration of groups that in many countries have the worst labour-market chances, and which are the principal target groups of activation policies, such as the long-term unemployed, older unemployed, disabled workers, ethnic minorities and the under-skilled, is 'stagnating'. The activation trend also seems to have led to an increased sense of social isolation and uselessness among unemployed and disabled people. It seems that activation measures have, at best, further facilitated the labour-market participation of those who might have got jobs anyway in the period of strong job growth.

As for flexicurity, a possible conclusion is that Dutch part-time workers are optimally protected in the sense that, based on the principle of equal treatment, the Dutch government has taken a series of measures to the effect that social security and labour protection for part-time workers do not differ from that of full-time workers. With regard to the social protection of flex-workers, i.e. workers with no labour contract, with stand-by contracts, piecework contracts and the like, the Dutch government has taken a reserved position. The problems and failing coverage that occur have been studied and are known by the government, but improvements have not yet been designed, let alone implemented. Social security coverage for and take-up by flex-workers is still inadequate. Government action has been undertaken in the field of labour law, with the aim of flexibilising labour relations while improving the protection of flexible workers. Evaluation studies of *Flex-Wet*, the main measure taken here, suggest that the situation for flex-workers and temporary workers has improved, and that there are fewer disputes on the application of the new rules in practical situations than expected. The studies also suggest that this might not all be the effect of *Flex-Wet* only, but also of the serious labour shortage that exists on the Dutch labour market in recent years, which strongly strengthens the position of employees in relation to employers. A definite positive evaluation of *Flex-Wet* is only possible if the effects endure an economic downturn (which would weaken the position of employees), and after social partners have specified rules in collective agreements to a larger extent than is the case at present.

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Appendix 1. Central aspects of the Dutch Law on Flexibility and Security

Flexibility	Security
<p><i>Fixed-term contracts</i></p> <p>Adjustment of the regulation of fixed-term employment contracts: after three consecutive contracts or when the total length of consecutive contracts totals three years or more, a permanent contract exists (this used to apply to fixed-term contracts that have been extended once).</p> <p><i>Notice period</i></p> <p>The notice period is in principle one month and four months at maximum (formerly six months).</p> <p><i>Terminating labour contracts</i></p> <p>The Public Employment Service (PES) dismissal notification procedure has been shortened and employees are no longer required to file a pro-forma notice of objection to the Regional Director of the PES in the event of dismissal on economic or financial grounds in order to substantiate a claim for employment benefit.</p>	<p><i>Labour contracts</i></p> <p>Introduction of two so-called presumptions of law which strengthen the position of atypical workers (regarding the existence of an employment contract and the number of working hours agreed in that contract); the existence of an employment contract is more easily presumed.</p> <p><i>Minimum salary</i></p> <p>A minimum entitlement to three hours' pay for on-call workers each time they are called in to work.</p> <p>Regulation of the risk of non-payment of wages in the event of there being no work for an on-call worker: the period over which employers may claim that they need not pay out wages for hours not worked has been reduced to six months.</p> <p><i>Temp agency work</i></p> <p>A worker's contract with a temp agency is considered a regular employment contract; the agency and the agency worker are only allowed a certain degree of freedom with respect to starting and ending the employment relationship in the first 26 weeks.</p> <p>However, it is possible to deviate from this rule by collective agreement between employers' and employees' unions. This is what actually happened. In the Foundation of Labour, social partners agreed on a covenant for the 1999–2003 period to apply the principle that the strength of the relation between temp agency and temporary worker should depend on the duration of the period someone works for the same agency. The covenant contains quite complicated rules, but for the standard case they imply that a temporary worker gets a permanent labour contract with the temp agency if (s)he has been working consecutively with that agency for at least one and a half years.</p>